

# Comments by Switzerland on Section J (Transparency of Action and Support)

## Orally:

Two principles missing in this section, which we would suggest to add in paragraph 66 that already deals with other principles:

- The common MRV system to be, inter alia, **experience-based** (based on experiences with the existing MRV system)
- Furthermore, we are of the view that the MRV system should fulfil its functions in a resource-efficient manner and would therefore foresee appropriate flexibility for **LDCs and smallest countries with minimal emissions**.

Furthermore, in paragraph 69 we would like to add:

- Once a gas, sector, category, activity, area of land or pool is accounted towards a commitment, it shall continue to be accounted for in the future.
- Parties shall define transparently the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate BAU projections and work towards common methodologies and rules over time.

With regards to **market mechanisms**, we already mentioned what is needed in the agreement when we dealt with section D yesterday. But there are also things missing that we'd like to see in accompanying COP decisions. These elements were submitted as EIG submission and are published on the UNFCCC website. These are, in short:

- Establishment of a common accounting and tracking rules system
- Recommendations by the executive body to the COP for the implementation
- Conformity checks by an executive body under the COP regarding their fulfillment of standards
- Definition of an executive body under the COP
- No double counting between resources to acquire emission reductions for mitigation and international climate finance

## Written submission:

Additions in Paragraph 66:

A common framework with common MRV provisions applicable to all Parties, built on the **experiences with the** existing MRV system that is fit for purpose and offers appropriate flexibility **for LDCs and smallest countries with minimal emissions** in terms of the level and depth of the application of the common MRV provisions in relation to:

New bullets in Paragraph 69:

- Once a gas, sector, category, activity, area of land or pool is accounted towards a commitment, it shall continue to be accounted for in the future.
- Parties shall define transparently the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate BAU projections and work towards common methodologies and rules over time.
- Parties should be allowed to make-corrections to their reference levels if they were higher than what occurred, to ensure that sinks are only earned for climate performance directly related to anthropogenic measures.

New text along the EIG submission on markets:

**Elements for draft text for a COP decision in Paris**

1. *Decides* that a common accounting and tracking rules system is hereby established for the purpose of safeguarding environmental integrity and avoiding double counting of internationally transferable mitigation outcomes of cooperative arrangements that includes:
  - a) the coherent and comprehensive accounting through the system of double entry bookkeeping, where the Party which acquires an internationally transferable mitigation outcome have to subtract it from its emissions and where the host Party of this transferred mitigation outcome has to add it to its emissions, when reporting on the progress toward their commitment/contribution;
  - b) the comprehensive recording of activities covered by cooperative arrangements resulting in internationally transferable mitigation outcomes, either at the UNFCCC level or at the national level, with transparent, comprehensive and publicly available information in English, ensuring synergies with existing UNFCCC tools and processes;
  - c) for internationally transferable mitigation outcomes resulting in units:
    - i. the use of a registry under the responsibility of each Party to the Convention that must meet technical standards, or the use of an account in a central registry under the UNFCCC for countries that do not have capacities or do not wish to administer an own registry, ensuring synergies with existing UNFCCC infrastructures;
    - ii. the use of an international transaction log to be implemented and operated by the Secretariat, to interconnect registries, to guarantee that transfers of units that have successfully passed the conformity checks are unique, identifiable and reconcilable, and to contribute to the avoidance of double issuance, double use or double counting of emission reductions/avoidance, ensuring synergies with existing UNFCCC infrastructures;
    - iii. the issuance of the internationally transferable mitigation units by the executive body or by a designated national authority of the host country Party under close scrutiny of the executive body and the Secretariat for the emission reductions that have successfully passed the conformity checks;
  - d) for internationally transferable mitigation outcomes not resulting in units:
    - i. the use of a system of confirmation and tracking by the Secretariat or the executive body of the amount of emission reductions to be accounted in another country Party, in a way that the functions are comparable to and coherent with the ones performed under c) ;

2. *Decides* that cooperative arrangements with internationally transferable mitigation outcomes must lead to a net decrease and/or net avoidance of global greenhouse gas emissions, by ensuring that:
  - a) the greenhouse gas emissions abatement is shared between the host Party and the acquiring Party;
  - b) more greenhouse gas emissions abatement is achieved than the addition of the emission reductions resulting from the cooperative arrangement accounted by the host Party towards its contribution/commitment and the internationally transferred mitigation outcome accounted by the acquiring Party towards its contribution/commitment, while ensuring that there is no double counting according to paragraph [1a above];
3. *Decides* that cooperative arrangements with internationally transferable mitigation outcomes must meet standards that deliver real, permanent, additional and verified mitigation outcomes to be elaborated, building on the work conducted under the SBSTA regarding the framework for various approaches (FVA), and are subject to conformity checks by the executive body under the COP regarding their fulfillment, where the executive body :
  - a) defines standards for:
    - i. Setting credible reference levels for calculating emission reductions, avoiding leakage and addressing inaccuracies from fraud or error;
    - ii. Ensuring irreversibility, or in case of reversibility, measures to compensate for a possible reversal;
    - iii. Achieving greater mitigation outcomes than what would have occurred in the absence of the cooperative arrangement;
    - iv. Guaranteeing independent and competent verification;
  - b) sets provisions for allowing divergence from these standards, by providing comprehensive reasoning for such divergence during the conformity check process;
  - c) facilitates transparency by defining rules for the publicly available information;
4. *Decides* that resources to acquire emission reductions that are accounted towards a mitigation contribution/commitment of a country Party shall not be accounted as international climate finance for support by this country Party;
5. *Further decides* that the executive body shall make recommendations to the COP on modalities and procedures for implementing para. [1] to [3] and ensuring that these modalities and procedures are met, for adoption by the COP;
6. *Decides* to define an executive body under the COP by adopting the terms of reference at the 22<sup>nd</sup> session of the COP;

## **EU text relevant to the Land Use sector (also other issues too) as read out in the ADP session (Geneva 9<sup>th</sup> February)**

Starting with the structural suggestions at the end of Section J, the EU preference is for accounting rules for mitigation to be included in section D on Mitigation. A paragraph in section D would build on elements included in Section J while filling some gaps. This would read as follows:

*The establishment and implementation of mitigation commitments shall be guided by the following accounting rules, applicable to all Parties.*

- i. Parties shall account for all their significant anthropogenic emissions by sources and removals by sinks of greenhouse gases and the accounting shall be increasingly comprehensive over time.*
- ii. Once a gas, sector, category, activity, area of land or pool is accounted towards a commitment, it shall continue to be accounted for in the future.*
- iii. Parties shall define and report the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate BAU projections and work towards common methodologies and rules over time.*
- iv. Parties shall ensure methodological consistency between baselines and BAU projections and the emission estimation used during the implementation of the commitments;*

*The following accounting principles shall apply for the land-use sector:*

- i. Parties shall include both anthropogenic emissions by sources and removals by sinks for any land-use category or activity included in its commitment.*
- ii. Accounting of land-use shall use carbon stock changes over time and exclude carbon stocks, and enable the impact of natural disturbances to be addressed.*
- iii. Parties shall base their accounting for the land-use sector on realistic and meaningful reference levels building on existing guidance under the Convention and its instruments.*

Related to the section J on transparency of action and support, the current text misses the need for Parties to establish national MRV arrangements to implement the transparency framework. We would therefore propose the following **addition to paragraph 64**:

*“Each Party shall establish and maintain national arrangements for monitoring, reporting and verification under the transparency framework in accordance with common guidelines which reflect national circumstances.”*

In **paragraph 65, option 2** we would like to **add the following text**:

*“Where the expert review identifies that methodologies adopted by the governing body for the estimation of emissions and removals have not been used appropriately by a Party, appropriate technical corrections shall be calculated by the expert review.”*

In **paragraph 66**, we have a **new option** because the EU position that reporting should be adapted to commitment types is not reflected in the existing options. **This would be option 6 of paragraph 66:**

*A common framework with common MRV provisions applicable to all Parties, building on the existing MRV system and adapted to different commitment types shall include reporting of:*

- (a) consistent time series of national inventories of emissions and removals*
- (b) progress made towards the achievement of mitigation commitments/ contributions including specific information related to the type of mitigation commitment adopted by the Party and how this progress is consistent with the Party’s long term strategy towards a low GHG economy.”*
- (c) Progress towards achieving climate resilient sustainable development.”*
- (d) Progress made in relation to the provision of support*
- (e) Progress towards improving enabling environments and mainstreaming efforts for transformation to a low-GHG economy and climate resilient investments.”*

*Common guidelines taking into account evolving respective capabilities and different national circumstances related to reporting of information shall be developed by the governing body.*

What we miss in the current structure of the text is a general paragraph on methodologies to be applied in the transparency framework. We would propose the following text which **should be added before or after paragraph 67** as an additional paragraph.

*“All parties shall use common methodologies and metrics as agreed by the IPCC and adopted by the governing body to determine their greenhouse gas emissions and removals.”*

With regard to the specific mandates of work by the governing body we would see the following additional tasks **under paragraph 69, option 1**

- Common guidelines related to reference levels elaborating the modalities how methodological consistency should be ensured and under which circumstances changes to reference levels may occur.*
- Common guidelines on national MRV arrangements taking into account respective capabilities and different national circumstances of Parties*

## **Replacement to Para 23**

23 In accounting for progress towards meeting their commitments/ contributions, including their use of market mechanisms and of the land sector, Parties shall apply the following accounting principles:

### **23.1 General principles**

- 1) Net changes in emissions of greenhouse gas by sources and removals by sinks recognised towards commitments/ contributions should be real, additional, permanent, and verifiable.
- 2) Parties are encouraged to include all major sources of anthropogenic emissions and removals in their commitment/ contribution, as defined by IPCC key categories.
- 3) For key categories of emissions and removals that are not included in commitments/ contributions, Parties are encouraged to include an explanation for their exclusion, and to strive to include these over time.
- 4) Consistent methodologies should be used for estimation and reporting of mitigation actions and outcomes over time.
- 5) To ensure consistency, Parties should use the same baselines, accounting methodologies and approaches throughout the commitment/ contribution/ contribution timeframe, including in the base year or other reference point and commitment period, except where technical corrections are required to maintain methodological consistency.
- 6) Projected reference levels and other dynamic baselines should be subject to technical assessment prior to the commencement of the commitment/ contribution period, to encourage their transparency, completeness, consistency, accuracy and comparability.
- 7) Parties should avoid double counting of mitigation actions in tracking progress towards their commitments/ contributions, by ensuring mitigation outcomes cannot be used more than once.
- 8) Parties shall use the metric specified by the IPCC in its latest Assessment Report adopted by the COP, unless otherwise decided by the COP.

### **23.2 Land sector principles**

- 1) Both emissions and removals should be accounted for in assessing progress towards the commitment/ contribution.
- 2) Once a source, sink, or activity is accounted for, it should not subsequently be excluded from accounting without an explanation for why it has been excluded.
- 3) Definitions of forest, land use and activities should be used consistently over time.

- 4) Parties may apply the principles and methodologies of existing approaches under the Convention and Kyoto Protocol to recognising mitigation outcomes in the land sector, consistent with IPCC guidance where applicable.
- 5) Parties may exclude emissions and removals resulting from natural disturbances, consistent with the most recent IPCC guidance.
- 6) Parties should strive to exclude from accounting non-anthropogenic emissions and removals.

### **23.3 Markets accounting principles**

- 1) Parties shall ensure that units are not counted or claimed more than once.